

# Committee on Ways and Means

## Twin Deficits Show Signs of Turning Around

### Budget Deficit

4 percent average economic growth since the tax relief of 2003 has caused tax receipts to continue to boom in 2006.

- Tax receipts grew by 6 percent in FY2004, 15 percent in FY2005, and 13 percent so far in 2006. 2004 and 2005 were the largest consecutive years of revenue growth in 25 years.
- April 2006 was the second largest single month for tax revenues on record.
- The Congressional Budget Office has lowered their estimate of the 2006 budget deficit to around \$300 billion – 2.3 percent of GDP – a \$100 billion improvement from 2004.

### Trade Deficit

Stronger growth in our major trading partners in Europe and Japan has increased demand for American exports, which has led to improvement of the trade deficit.

- The 10-year decline in the trade deficit has slowed slightly, and the deficit in goods and services is 5 percent smaller than it was six months ago.
- Exports have grown 10 percent in the last year.
- The monthly trade deficit, which has roughly doubled since 2002, has held about even since a spike in oil prices in September.

### The “Bush Boom” continues

- The Commerce Department has updated their estimates of first quarter real Gross Domestic Product growth to 5.6 percent, the fastest growth in two and a half years.
- The economy has been booming since tax cuts of 2003, with a 4.6 percent unemployment rate below the average of the 60’s, 70’s, 80’s, and 90’s.
- Economic growth has averaged 4 percent growth since the Bush tax cuts of 2003.
- While home sales have slowed slightly since reaching record highs last summer, home prices have remained steady.

## Exports continue strong and steady growth

Year on year growth  
in exports

